

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3474-01  
Bill No.: SB 744  
Subject: Insurance - Medical; Health Care Professionals; Mental Health Dept.; Health Dept.  
Type: Original  
Date: February 16, 2010

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Bill Summary: Mandates that insurers provide coverage for eating disorders and establishes the Missouri Eating Disorder Council to administer various eating disorder education and awareness programs.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(Unknown exceeding \$500,000)	(Unknown exceeding \$1,000,000)	(Unknown exceeding \$1,000,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown exceeding \$500,000)</b>	<b>(Unknown exceeding \$1,000,000)</b>	<b>(Unknown exceeding \$1,000,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Insurance Dedicated	Up to \$5,000	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Up to \$5,000</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Federal	0*	0*	0*
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0*</b>	<b>\$0*</b>	<b>\$0*</b>

\* Income and expenditures less than \$64,000 per year and net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

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### **ASSUMPTION**

Officials from the **Missouri Department of Transportation, Missouri Consolidated Health Care Plan, and Department of Health and Senior Services** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of the proposed legislation on their organization.

Officials from the **Department of Elementary and Secondary Education (DES)** do not anticipate significant costs to work in collaboration with the designated entities to develop and implement the education and awareness programs, nor do they anticipate significant costs to assist in the development of curriculum. The DES defers to local school districts regarding the cost of distributing educational materials to middle and high school students in both public and private schools.

Officials from the **Missouri Department of Conservation (MDC)** state the proposed legislation would not appear to have a fiscal impact on MDC funds since it does not appear to apply to self-insured plans. However, if the Board of Trustees elected to provide such coverage, the exact amount of the impact is unknown, but could exceed \$100,000 annually.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state insurers would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. The number of insurance companies writing these policies in Missouri fluctuates each year. One-time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,000

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews, the DIFP will need to request additional staff to handle the increase in workload.

Officials from the **Department of Social Services (DOS) - MO HealthNet Division (MHD)** provide the following assumptions:

#### **Section 376.845 Mandatory Coverage for Eating Disorders**

This legislation does not revise Chapter 208, RSMo and, therefore, does not affect MO HealthNet eligibility or benefits.

ASSUMPTION (continued)

This legislation does revise Chapter 376, RSMo. The MHD assumes that since there is no specific exemption for contracts with the state, the legislation will pertain to HMOs that contract with the state to provide health benefits to MO HealthNet Managed Care participants.

The MHD recognizes there may be additional costs of doing business for HMOs if this legislation passes and that those costs may be passed on to the MHD. The MHD may incur additional costs for an actuarial analysis to determine if capitated rates should be adjusted for the additional costs incurred by the HMO.

If an actuarial analysis is needed it will occur in the first year and is a one-time cost. The cost of the analysis will depend on the number of program changes that will need to be analyzed as well as the complexity of those changes. This cost is unknown, but may be as high as \$100,000. Since this is an administrative cost there will be a 50% federal match rate.

If the HMOs are required to provide additional benefits and the MHD's current rates don't support those costs, the actuary may require an increase in capitated rates to ensure actuarial soundness.

If this occurs the cost to the MHD is unknown. These additional costs would occur in the second and third years.

Cost for Section 376.845

FY11: Total cost unknown < \$100,000 (GR Unknown < \$50,000)

FY12: Total cost unknown < \$100,000

FY13: Total cost unknown < \$100,000

Section 630.570 Provision of Coverage for Uninsured

This section requires the Department of Mental Health (DMH), Department of Health and Senior Services (DOH) and the DOS to collaborate to provide diagnostic and treatment services to any resident of the state who is uninsured or needs financial assistance for the diagnosis and treatment of eating disorders.

According to the DMH, services for the uninsured or those who are not MO HealthNet eligible will be provided through the DMH. Therefore, there will be no fiscal impact to the MHD for this provision.

ASSUMPTION (continued)

Section 630.575 Missouri Eating Disorder Council

There will be no fiscal impact to the DOS from this provision since the council is established within the DMH.

Section 630.580 Education and Awareness Programs

It is assumed that the DMH will cover any costs associated with education and awareness programs required under this section. If the DOS is requested to assist with education and awareness programs either the costs will be small enough to absorb or appropriations will be made to cover the cost.

Officials from the **Department of Mental Health (DMH)** provide the following assumptions for this proposal:

Section 630.570

Eating Disorder statistics specific to Missouri are not available, but are estimated nationally to affect from 9,000,000 to 13,000,000 Americans. At the same rate, it can be expected that between 222,000 and 250,000 Missourians experience eating disorders. While the DMH data shows 118 episodes of care (out of 50,869 active episodes of care) involving individuals diagnosed with eating disorders, it is believed that a general lack of awareness and proper diagnosis accounts for such low numbers. Also, eating disorders are not currently a target population for DMH services, thus, individuals with the relevant diagnoses would be in the public mental health system due to a qualifying co-occurring diagnosis.

Data from the U.S. Census Bureau and the Eating Disorder Coalition (based on 2008 census figures) suggest that a total of 28,034 Missourians suffer from eating disorders and lack health insurance coverage.

Current private sector costs to treat eating disorders are estimated at between \$70,000 and \$81,000 per individual. Current average costs to serve all consumers within the Division of Comprehensive Psychiatric Services (CPS) range from \$27.82 per day for community based services to \$731 per day for inpatient hospital care. It is unknown at this time what the costs might be to the DMH to serve all individuals with eating disorders because it is unknown how the potential population in need of the service is distributed among current private insurance carriers, or their level of coverage. Also, the consequences of adding a new priority group to the public mental health system are uncertain in the absence of better prevalence data. Additionally, the training needs to prepare professionals to treat this group are unknown.

ASSUMPTION (continued)

It should be noted that Missourians receiving Medicaid are not included in the above projections. Should Medicaid not cover the services included in this bill, an additional 31,178 individuals will need to be added to the projections.

An additional problem relates to the requirement that care is to be provided at eating disorder specialty units, private facilities, and state-operated facilities that have licensed eating disorder specialist on staff. Since the DM does not currently serve individuals with eating disorders as a primary treatment, no trained staff to oversee such services are available. The DMH would have to establish licensure and oversight units to meet this requirement. The cost would exceed \$100,000.

Section 630.575

The members of the Missouri Eating Disorder Council, according to the bill will serve without compensation. The bill states they MAY be reimbursed for actual and necessary expenses as members of the council. While the wording would imply that no requirement or obligation is placed upon the Department to reimburse the members, we project an unknown cost that is less than \$100,000.

Section 630.580

Section 3 requires a broad range of collaboration with other state departments for the development and implementation of training programs for professionals, students and the general public. Again, because the DMH does not currently focus on eating disorders, it is difficult to project costs. The DMH projects an unknown cost that is greater than \$100,000 for the education and awareness program.

Due to the many unknown factors involved in trying to estimate the costs for this proposal, the DMH assumes the costs are unknown, exceeding \$1,000,000 annually.

FISCAL IMPACT - State Government

FY 2011  
(6 Mo.)

FY 2012

FY 2013

**GENERAL REVENUE FUND**

Costs - DMH

Eating disorder treatment, staff,  
 training, education, and collaboration  
 costs

(Unknown  
 exceeding  
 \$500,000)

(Unknown  
 exceeding  
 \$1,000,000)

(Unknown  
 exceeding  
 \$1,000,000)

Costs - DOS/MHD

Increase in program expenditures

(Unknown less  
 than \$50,000)

(Unknown less  
 than \$36,000)

(Unknown  
 exceeding  
 \$36,000)

**ESTIMATED NET EFFECT ON  
 GENERAL REVENUE FUND**

(Unknown  
 exceeding  
 \$500,000)

(Unknown  
 exceeding  
 \$1,000,000)

(Unknown  
 exceeding  
 \$1,000,000)

**INSURANCE DEDICATED FUND**

Income - DIFP

Form filing fees

Up to \$5,000

\$0

\$0

**ESTIMATED NET EFFECT ON  
 INSURANCE DEDICATED FUND**

Up to \$5,000

\$0

\$0

**FEDERAL FUNDS**

Income - DOS/MHD

Increase in program reimbursements

Unknown less  
 than \$50,000

Unknown less  
 than \$64,000

Unknown less  
 than \$64,000

Costs - DOS/MHD

Increase in program expenditures

(Unknown less  
 than \$50,000)

(Unknown less  
 than \$64,000)

(Unknown less  
 than \$64,000)

**ESTIMATED NET EFFECT ON  
 FEDERAL FUNDS**

\$0

\$0

\$0

FISCAL IMPACT - Local Government

FY 2011  
(10 Mo.)

FY 2012

FY 2013

\$0

\$0

\$0

FISCAL IMPACT - Small Business

This proposal could impact small businesses that provide employee insurance coverage if the mandate increases premium costs.

FISCAL DESCRIPTION

Under this proposal, each health carrier must provide coverage for the diagnosis and treatment of eating disorders beginning January 1, 2011.

The eating disorder health insurance mandate requires the insurer to provide access to psychiatric and medical treatment under the plan and provide coverage for integrated care and treatments as prescribed by medical and psychiatric health care professionals, including but not limited to nutrition counseling, physical therapy, dietician services, medical monitoring, and psychiatric monitoring.

The proposal also requires the Department of Mental Health, in collaboration with the departments of Health and Senior Services and Social Services, to provide diagnosis and treatment services for any resident of this state who does not have insurance coverage for the diagnosis and treatment of eating disorders or is in need of financial assistance to pay for the diagnosis and treatment of an eating disorder. Such eating disorder care shall be provided at eating disorder specialty units, private facilities, and state-operated facilities that have licensed eating disorder specialists on staff.

The proposal establishes within the Department of Mental Health the "Missouri Eating Disorder Council". The number of members on the council is determined by director of the department of mental health.

Under the program, the council has the power to oversee the eating disorder education and awareness programs established by the proposal. The council is also empowered to identify whether adequate treatment and diagnostic services are available in the state.

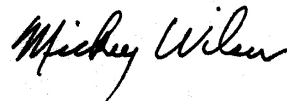
Under the proposal, the Department of Mental Health, in collaboration with the departments of Health and Senior Services, Elementary and Secondary Education, and Higher Education and in consultation with the Missouri eating disorder council, must develop and implement certain education and awareness programs which are delineated in the proposal.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.



SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Department of Insurance, Financial Institutions, and Professional Registration  
Department of Mental Health  
Department of Health and Senior Services  
Department of Social Services  
Missouri Department of Transportation  
Department of Public Safety -  
    Missouri State Highway Patrol  
Missouri Consolidated Health Care Plan  
Missouri Department of Conservation

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
February 16, 2010